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# *Factsheet* **The fYR of Macedonia**



# 1. HIV EPIDEMIOLOGY AND RESPONSE

## 1.1 HIV epidemiology in brief

The former Yugoslav Republic (fYR) of Macedonia has a low level HIV epidemic, with 161 people living with HIV officially registered and 96 of them receiving antiretroviral therapy (coverage 60%) in 2014<sup>1</sup>. About 64% of new infections in 2014 were diagnosed among men who have sex with men (MSM)<sup>2</sup>. In this population HIV prevalence is around 2% and among people who inject drugs (PWID)<sup>3</sup> and sex workers (SW) it is very low<sup>4</sup>. There are significant gender (95% of new HIV infections registered in 2014 were among men) and sub-national differences (50% of newly diagnosed HIV cases in 2014 were registered in Skopje)<sup>5</sup>.

**Table 1: Indicators for key populations**

	PWID	MSM	SW
Estimated population size	10,900	19,300	3,602
HIV prevalence (%)	< 0.05	1.9	< 0.05
Coverage of HIV testing in the past 12 months (%)	28.0	18.9	37.6
Prevention programme coverage (%)	71.1	82.0	72.5

Sources: Report on the Bio-Behavioural Study Among Men Who Have Sex with Men Population in Skopje, Macedonia 2013-2014 (Vladimir Mikik et al, 2014); Report on the Bio Behavioural Study Among People Who Inject Drugs in Macedonia, 2014 (Vladimir Mikik et al, 2014); Report on the Bio-Behavioural Study Conducted Among Male and Female Sex Workers in Macedonia 2013-2014 (Vladimir Mikik et al, 2014).

## 1.2 Legal and institutional aspects of the national HIV response and the role of NGOs

In fYR of Macedonia, there are several health-related laws and policies that govern the national HIV response. Only a few of them consider the role of NGOs in the provision of services.

The two most significant documents are the **National HIV/AIDS Strategy**, adopted every five years (the latest one is for the period 2012 – 2016)<sup>6</sup> and the **National Programme for Protection of the Population from HIV**, which is adopted every year.

The most recent one is for 2015<sup>7</sup>. The National HIV/AIDS Strategy (2012-2016) specifically mentions that the NGOs are considered partners in the efforts to provide coordinated response to HIV/AIDS but it does not contain more specific provisions on how their involvement will be ensured. The preparation and the implementation of the Strategy is coordinated by the National Commission for Prevention of HIV/AIDS. When it was established in 2003, its membership included twenty-eight representatives from government ministries, NGOs, faith-based organizations, academic institutions, media and the UN Joint Team on AIDS (as observers)<sup>8</sup>. The National Programme for Protection of the Population from HIV/AIDS 2015 supports the implementation of several objectives of the National Strategy. It specifically mentions NGOs as implementers of the activities under the competence of and funding from the public health institutions, such as testing and counselling, distribution of condoms

1 Institute of Public Health of Macedonia.

2 Vladimir Mikik et al, Report on the Bio-Behavioural Study Among Men Who Have Sex with Men Population in Skopje, Macedonia 2013-2014 (2014).

3 Vladimir Mikik et al, Report on the Bio Behavioural Study Among People Who Inject Drugs in Macedonia, 2014 (2014).

4 Vladimir Mikik et al, Report on the Bio-Behavioural Study Conducted Among Male and Female Sex Workers in Macedonia 2013-2014 (2014).

5 Institute of Public Health of Macedonia.

6 Former Yugoslav Republic of Macedonia, Национална стратегија за ХИВ/СИДА 2012-2016 (2012).

7 Former Yugoslav Republic of Macedonia, Програма за заштита на населениот од ХИВ/СИДА во Република Македонија за 2015 година (2014).

8 Former Yugoslav Republic of Macedonia, Macedonia HIV/AIDS National Strategy 2003-2006 (2003).

and educational sessions in schools. The budget line contains funding for implementing a system for accreditation of NGOs who will participate in the implementation of the Strategy. The system should include development of standards and register of such organizations. As the current **National HIV/AIDS Strategy** expires in 2016, the Ministry of Health has established a Working Group that will draft the new strategy for the next 5 years (2017-2021).

HIV prevention and provision of HIV-related medical services are included in the following health related laws. The **Law on Protecting Citizens from Communicable Diseases** (2008)<sup>9</sup> includes HIV infection as one of the diseases. There is no mention of NGOs being involved at any stage of prevention or control. The **Law on Health Protection** (2013)<sup>10</sup> does not include NGOs as health care providers.

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9 Former Yugoslav Republic of Macedonia, Закон за заштита на населението од заразни болести (2004).

10 Former Yugoslav Republic of Macedonia, Закон за здравствена заштита (2013).

## 2. SOCIAL CONTRACTING OF NGOS IN THE NATIONAL HIV RESPONSE

### 2.1 NGO landscape in the former Yugoslav Republic of Macedonia

The national law distinguishes two types of NGOs – associations (as well as unions of associations) and foundations<sup>11</sup>. At the end of 2014, there were 13,656 associations and foundations in the country<sup>12</sup>. Compared to other countries in the region, registration is more expeditious<sup>13</sup>. Based on the **Law on Associations and Foundations** (2010)<sup>14</sup>, organizations can apply for a public benefit status, which is granted by a Commission on Public Benefit Status. However, civil society organizations show low interest to acquire such status, as the legal framework does not define clearly the benefits from it but merely states that organizations will have unspecified additional tax and customs exemptions pursuant to the Law. The legal framework also imposes increased obligations regarding organizational structure and reporting of NGOs to the public benefit. Hence, so far there is only one organization, which has acquired this status.

According to the Law on Associations and Foundations, NGOs are allowed to engage in economic activities as long as the income earned is used towards a main goal stipulated in the organization's statute and annual programme. As of 2015, NGOs may be taxed

on income from economic activity, even though the Law states that any difference between the income and expenditures must be reinvested in activities that fulfil the mission and goals of the organization<sup>15</sup>. According to the **Law on Donations and Sponsorships** (2006), an NGO may receive tax-deductible donations and sponsorships and enjoy several tax benefits<sup>16</sup>. However, one of the main challenges in implementation of the Law is the complicated administrative procedure for acquiring tax benefits, which is rather discouraging for the potential donors and sponsors.

### 2.2 Social contracting of NGOs under Global Fund grants

In 2015, 17 NGOs were financed by the Global Fund, with an average of US\$ 173,806 available per NGO (range US\$ 55,607 – US\$ 554,979) predominantly for prevention programmes among key populations and services on municipality level (Table 2).

### 2.3 Government social contracting to NGOs: Legal and regulatory frameworks

Several laws regulate social service provision. The **Law on Public Procurements** (2007)<sup>17</sup> allows for any legal entity, including NGOs, to compete for procurement contracts at both local and national levels and clearly provides for the types of procedures for funding

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11 Possibility of establishing a union of associations can be important because when more associations are establishing this form they could benefit from joining their resources and when conducting economic activity they would have a better market position. Also, their legal status is a union of associations, slightly different than other associations.

12 USAID, *The 2014 CSO Sustainability Index for Central and Eastern Europe and Eurasia* (2015).

13 The Law on Associations and Foundations provides for simple, fast and inexpensive registration process taking at most five days, if all required documents are submitted to the Central Registry of Macedonia.

14 Former Yugoslav Republic of Macedonia, Закон за здруженија и фондации (2010).

15 USAID, *The 2014 CSO Sustainability Index for Central and Eastern Europe and Eurasia* (2015).

16 Former Yugoslav Republic of Macedonia, Закон за донации и спонзорства во јавните дејности (2006).

17 Former Yugoslav Republic of Macedonia, Закон за јавните набавки (2007).

**Table 2: Global Fund average annual budget for NGOs (2015-2016)**

Programme	Budget allocated to NGOs (US\$)	% of line budget	National / local (%)
<b>Prevention</b>			
PWID	606,649	58.2	0/100
MSM	115,567	100.0	0/100
SW	213,328	100.0	0/100
HTC	139,999	88.5	0/100
Condom distribution	16,257	94.1	0/100
STI diagnosis and treatment	112,047	100.0	0/100
<b>Prevention subtotal</b>	<b>1,203,848</b>	<b>72.2</b>	<b>0/100</b>
<b>Civil society strengthening</b>	<b>268,500</b>	<b>75.6</b>	<b>25/75</b>
<b>TOTAL</b>	<b>1,472,348</b>	<b>58.3</b>	<b>5/95</b>

Source: Ministry of Health of the former Yugoslav Republic of Macedonia, Project Implementation Unit.

services. The **Law on Concessions and Public Private Partnership** (2012)<sup>18</sup> allows for any legal entity, including NGOs, to conclude contracts as private partner with a public body for, among others, public service concessions<sup>19</sup>.

The **Law on Social Protection** (2009)<sup>20</sup> prescribes that NGOs can provide services in various areas if they meet the conditions for conducting such activities and if they have appropriate registration, depending on the services. NGOs can provide services in social prevention, to people exposed to social risk, development of the field of social protection, and volunteering. The Law also lists the types of services that can be provided such as training, counselling, home care, etc. The Law envisages that services shall be funded from the state or municipal budgets, through fundraising activities of the service providers (e.g., donations, gifts, wills, legacies, endowments). In

addition, it specifies that the Ministry of Labour and Social Policy must allocate funds to NGOs registered for providing social services through public tenders. The Law prescribes the procedure for funding NGOs and the procedure for registration of NGOs for this purpose. The Ministry maintains a register of organizations engaged in the social service area, and currently the register contains a list of seventy-five organizations including those working on the HIV-related issues<sup>21</sup>. To be included in the register, NGOs<sup>22</sup> need to submit an application accompanied by the statute, work plan, reports of at least three implemented projects, financial report of the organization, and official registration certificate.

The Ministry adopted a Regulation on the order of allocation of funding to associations engaged in social service provision<sup>23</sup>. According to the Regulation, the Ministry announces public calls for proposals, which

18 Former Yugoslav Republic of Macedonia, Law on Concessions and Public Private Partnership (2012).

19 Article 4 defines public service concession as a contract of the same type as a public service contract except that the remuneration for those services shall consist either solely of the right to exploit those services or in that right together with payment.

20 Former Yugoslav Republic of Macedonia, Закон за социјална заштита (2009).

21 Former Yugoslav Republic of Macedonia, Ministry of Labour and Social Policy, *Associations of Citizens Registered in the Register of Associations of Citizens in the Area of Social Care*.

22 According to the Law and the implementing regulations only associations, but not foundations, can enter the register.

23 Former Yugoslav Republic of Macedonia, Правилник за начинот и постапката за доделување на средства на здруженија на граѓани за вршење на одредени работи од областа на социјалната заштита (2005).

are open to organizations included in the register. The Regulation further elaborates the information that needs to be submitted and the procedure.

The **National Programme for Social Care Development 2011-2021**<sup>24</sup> defines specific activities for implementation of social prevention, among others, calling for improved awareness, coordination and cooperation in the implementation of prevention programmes among social work centres and other institutions and local NGOs, to avoid overlap in programmes and optimal utilization of available resources. In accordance with the National Programme, each municipality, the City of Skopje and its municipalities should adopt programmes for the citizens' need in the area of social care. They may, based on their financial capabilities, determine other rights in the area of social protection than the scope of the rights determined within the Law on Social Care, as well as other forms of social protection. According to the National Programme, the Minister of Labour and Social Policy formed a Coordinating Body for monitoring and evaluating of implementation of the Programme with representatives of ministries, state bodies, social care institutions and NGOs.

NGOs may also receive funding through state grants. The Law on Associations and Foundations states that NGOs may obtain funds from the state budget, the budgets of the municipalities and the City of Skopje. At the state level, funding is available through the General Secretariat of the Government and its Unit for Cooperation With Civil Society Organizations, some ministries and other state bodies that allocate funds through public calls. The **Code of Good Practices for the Government Financial Support to Citizens' Associations and Foundations** (2007)<sup>25</sup> provides basic criteria for NGOs to receive state funding, the obligation of the Government to prepare annual programmes for funding of NGOs, to announce open calls and prepare contracts with selected NGOs, to perform control over the funds spending, etc. However, the Code of Good Practices is not obligatory for state bodies.

The **Law on Lottery and Entertainment Games** (2011)<sup>26</sup> offers another potential source of funding, but it lists only few organizations entitled to receive lottery proceeds. According to the Law, 50% of proceeds are used for financing programmes of associations of people with disabilities, associations working against domestic violence, and the Red Cross. The Law sets lower and higher caps for funding, within which the Government has discretion to decide how funds are allocated. The funds are allocated based on programme development by Ministry of Labour and Social Policy and are allocated by the Government.

## 2.4 Quality control and assurance

The Law on Social Care provides quality standards for services, monitoring procedures and their implementation. The Ministry of Labour and Social Policy prescribes norms and standards for space, equipment, expert staff and resources required for the establishment and implementation of social care, as well as the cost of services. The Ministry of Labour and Social Policy is tasked with supervising the implementation of the Law on Social Protection via conducting inspection of the implementation and enforcement of laws. Upon the completion of inspection, it can take various measures, such as banning the work of the provider for a certain period of time or requesting the suspension of license if legal conditions are met.

Finally, NGOs that are recipients of any public funds can undergo a control of their programmes financed by public funds.

## 2.5 Other prerequisites for service provision (licenses, special permissions, etc.)

According to the Law on Social Care, licensing of institutions for social services is carried out by the Ministry of Labour and Social Policy, which has tasked a Commission with the review of applications.

24 Former Yugoslav Republic of Macedonia, Национална програма за развој на социјална заштита, 2011-2021 (2010).

25 Former Yugoslav Republic of Macedonia, Кодекс на добри практики за финансиска поддршка на здруженија на граѓани и фондации (2007).

26 Former Yugoslav Republic of Macedonia, Закон за игрите на среќа и за забавните игри (2011).



Conditions for NGOs include: proof of active work in the field of social protection or policy at least three years from the establishment, at least three projects implemented in the field of social protection or policy, adequate office and staff resources, annual financial certificate.

The Institute for Social Affairs and Policy provides licensing of professionals (employees) in the institutions of social care. According to the Law on Social Care, conditions include adequate education, full legal capacity, health capacity for the work, adequate venue and equipment needed for work.

## 2.6 Government social contracting of NGOs: The practice

According to a policy brief by the research centre Studiorum, in the area of HIV, the Ministry of Health implements prevention activities delivered through well-developed network of 20 NGOs (number as of 2014) working in the HIV area. However, while funding is given from the Ministry of Health, it is secured from the Global Fund to Fight AIDS, Tuberculosis and Malaria. Most of these NGOs are implementing HIV preventive activities among people who inject drugs and sex workers, while there is only one NGO that works with population of men who have sex with men. Apart from these services, HIV testing and counselling is offered in order to achieve higher coverage, which could lead to early diagnosis and treatment<sup>27</sup>.

Every year the Government publishes a Programme for Financing of Programme Activities of Associations and Foundations and subsequently adopts a **Decision on the Allocation of the Criteria and Measures for Distribution of Financing of Programmes Activities of Associations and Foundations from the Budget**. In 2014 and 2015, the call for proposal funded projects in the area of economic development, culture, environment, integration in the European Union, anti-corruption, education and information technologies. It distributed 12,000,000 denars (app. US\$ 210,000) to forty organizations per year.

The practice of providing social services through NGOs has slowly developed in recent years; however, challenges for the successful implementation and further development of social services include weak administrative capacities of the centres for social work and the municipalities, budget constraints to finance this type of services and limited coordination among stakeholders<sup>28</sup>. In addition, lack of knowledge on the advantages from applying multi-sector cooperation, an underdeveloped NGO sector and lack of sustainability of implemented projects were identified as cause for lower NGO participation in service provision<sup>29</sup>. Competition between NGOs and other service providers exists, but it is still limited to a few cases, usually in the field of education, social protection, and legal and health services<sup>30</sup>. Competitions are considered fair and conflicts of interest are largely avoided<sup>31</sup>.

NGO service provisions still depend mostly on international donor funding. The Ministry of Labour and Social Policy provides some support to NGOs, but these funds are not sufficient to cover the costs of the products and services provided<sup>32</sup>. Monitoring of the project implementation and evaluation of the results is still missing.

27 Center for Regional Policy Research and Cooperation Studiorum, *Future of HIV/AIDS Prevention in Macedonia Beyond Global Fund* (2015).

28 Coffey International Development, *Governance and Funding Arrangements for Social Services in South Eastern Europe: The Case Study of Macedonia/FYROM* (2011).

29 Natasha Bogoevska, Suzana Bornarova, Svetlana Trbojevik, "Social Protection System In Macedonia: Centralized Governance versus Decentralization", *Mediterranean Journal of Social Science*,s Vol 4, No. 11 (October 2013).

30 Monitoring Matrix on Enabling Environment for Civil Society Development Country Report Serbia 2014.

31 Ibid.

32 USAID, *The 2014 CSO Sustainability Index for Central and Eastern Europe and Eurasia* (2015).

# 3. RECOMMENDATIONS

## Legal and institutional aspect of the national HIV response:

- ▶ After 2016, the former Yugoslav Republic of Macedonia will no longer be eligible for Global Fund support in its current form. Since most of the HIV-related activities are funded through Global Fund grant it is of critical importance that 2016 is used for planning of activities and resources that can be sustained domestically and in partnerships with NGOs.
- ▶ Another important step is to plan for alternative and sustainable approaches in financing key HIV programme services that are currently funded by the Global Fund. In addition, there should be multi-agency and multi-sector collaboration and funding provided for the services. This approach should also be adopted when developing the upcoming National HIV Strategy for 2017-2021<sup>33</sup>.

## NGO landscape in Macedonia:

- ▶ There is a need to revise the Law on Donations and Sponsorship in Public Activities in order to allow for easier procedures for use of tax benefits and stimulate giving.
- ▶ Legislation needs to be revised to specify additional benefits for organizations with public benefit status.
- ▶ The government can consider inclusion of HIV related issues in the programmes for funding NGOs from the State budget.
- ▶ The Law on Games of Chance and Entertainment could be revised to include wider area of activities to be funded by these proceeds, including social, health and other NGO activities.

## Social contracting of NGOs for the national HIV response:

- ▶ It should be ensured that the National Programme for Social Protection Development for 2011-2021 continues with implementing measures for improved awareness, coordination and cooperation among social work centres and local NGOs.
- ▶ In order to facilitate more systematic funding for social services by the Ministry of Labour and Social Policy, more detailed regulations on state support for NGOs could be developed, including obligations to publicly announce information related to the procedures for funding, deadlines for distribution of funds and information of the awarded NGOs announced, monitoring and evaluation of program quality, etc.
- ▶ Additional support could be provided to help raise awareness and capacities of local government about NGOs providing social services and implementing social contracting.
- ▶ The legal framework should facilitate equal status of NGOs as social services providers at all levels.

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33 Center for Regional Policy Research and Cooperation Studiorum, *Future of HIV/AIDS Prevention in Macedonia Beyond Global Fund* (2015). Coffey International Development, *Governance and Funding Arrangements for Social Services in South Eastern Europe: The Case Study of Macedonia/FYROM* (2011).



## NGO Social Contracting: Factsheet former Yugoslav Republic of Macedonia 2016

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